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Intelligence Appraisal  
Iran-Iraq:  
The Second Year of  
War (U)

8 DECEMBER 1982

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## Intelligence Appraisal

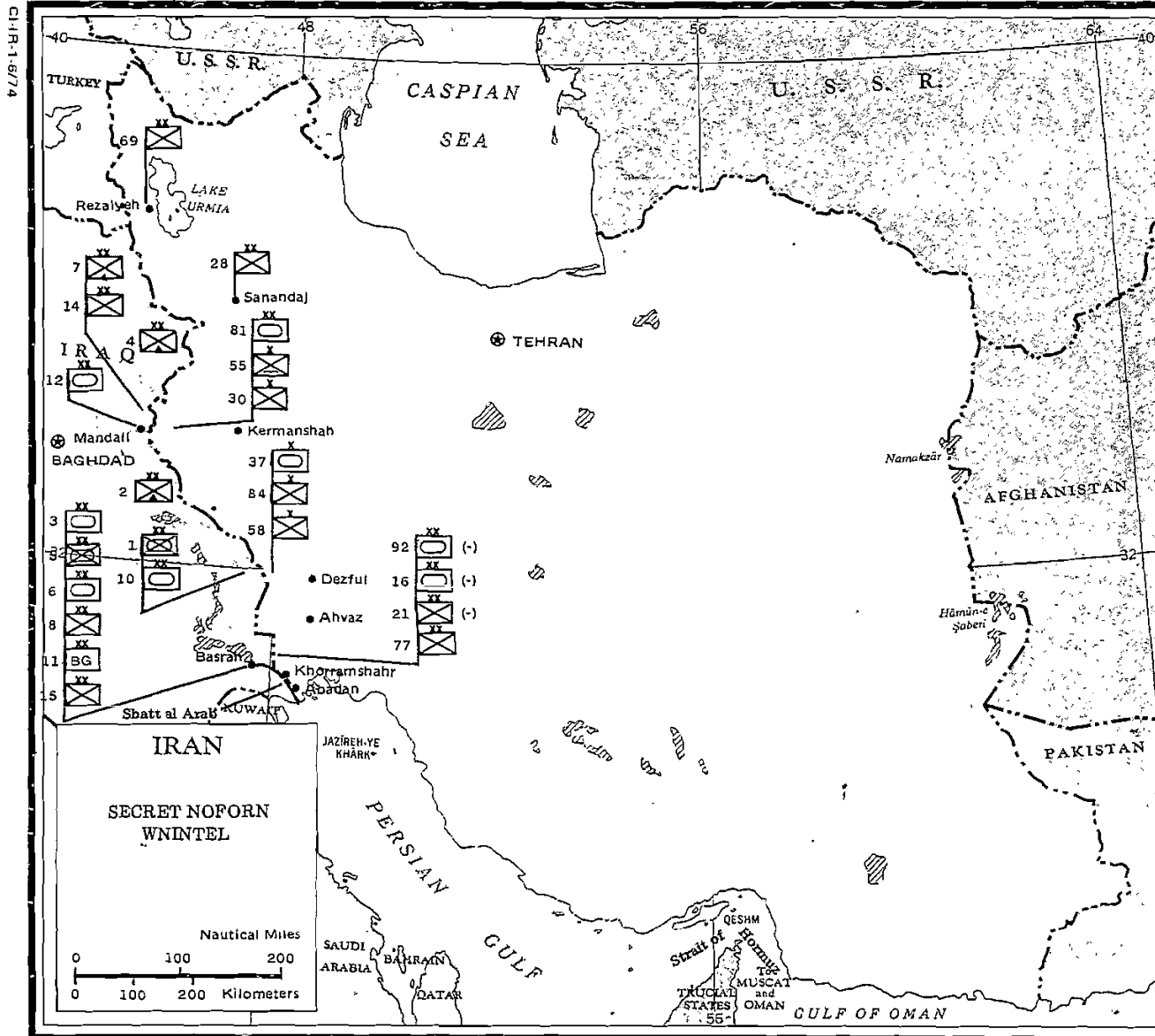
# Iran-Iraq: The Second Year of War (U)

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# MAJOR UNIT DISPOSITIONS



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## IRAN-IRAQ: THE SECOND YEAR OF WAR (U)

### Summary

(S) Fighting between Iran and Iraq is well into its third year with both countries doggedly pursuing the war. Personnel losses surpass all other recent Middle Eastern conflicts several times over -- more than 100,000 troops have been killed, and total casualties are at least a quarter million. The two countries have lost 3,000 armored vehicles and more than 300 combat aircraft. In terms of actual fighting, Iran's offensive capabilities apparently peaked last March at the battle of Dezful. Iraq's, on the other hand, have improved steadily since May.

(S) Still, both countries have shown great resilience during the past 2 years. Iran, largely because of increased oil revenues, has significantly improved its economy in recent months. Iraqi attacks on Iran's Kharg Island refinery this summer curtailed oil exports somewhat, but as the threat of extensive attacks receded, exports rose once again. Politically, the Khomeini regime has defeated most of its immediate internal opponents and continues to consolidate control. Iraq's economy is still strong, but its limited oil exports and growing indebtedness will eventually create strains. President Saddam Hussein has shown a surprising ability to survive the debacles brought on by the war, and he faces no immediate threat to his rule.

(S) For the first time, the war is truly stalemated. Iran is not yet willing to negotiate, and even if it did agree to talks, the settlement process promises to be long and complicated. In the absence of a cease-fire, tension will remain along the border, and with it the threat of escalation to full-scale hostilities. Conceivably, the countries may never declare peace, just as they never declared war. Their deep-seated rivalry is perpetuated by Iran's militant Islamic leaders and their secular Baathist rivals in Baghdad. Thus, a simmering border war could last indefinitely.

### Discussion

#### MILITARY: Iraq

(S) The second year of the war witnessed both the Iraqi Army's near collapse and its subsequent resurgence. Its stunning defeat west of Dezful in March and the loss of Khorramshahr in May resulted in devastating personnel and equipment losses and plunged morale to a dramatic low.

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ESTIMATED WAR LOSSES

	IRAN	IRAQ
PERSONNEL		
KIA	70,000	45,000-50,000
POW	5,000	45,000
TANKS	800+	1,000
ARMORED PERSONNEL CARRIERS	400+	1,000
ARTILLERY	400+	450+
AIRCRAFT	177-187	130-150

Moreover, it confused Iraq's high command and brought into question whether the country could defend itself against an invasion. However, Iran's attempted July invasion sparked a surprising turnabout for the Iraqi Army, which at least partly restored the military's prowess, and is partly attributable to the Army's critical self-examination that began in November 1981. Iraq had solicited advisory assistance from France, Jordan, Egypt, and possibly the USSR to complete the examination. As a result, significant changes were made to include alterations in command and control and removal of irregular forces from the forward battle area. Since that time, the Army has exhibited marked improvements in command and control, planning, tactical intelligence, and firepower. The Army continues to reorganize, reform, and replace units degraded by combat. However, the significant psychological advantage of returning to and defending the homeland should be credited as one of the primary reasons for Iraq's recovery.

~~(S/NOFORN)~~ Although the Iraqi Army has sustained significant losses over the last 2 years, it has been steadily regenerating itself by inducting more troops, creating more units, and replacing most equipment. These efforts will greatly facilitate the Army's postwar recovery. However, total reconstruction will take years. Manpower that has been siphoned from business, industry, and government will have to be returned in order to effect a general economic recovery. In total it will be 5 or more years before Iraq fully recovers.

GROUND FORCES

	IRAN	IRAQ
PERSONNEL*	160,000-170,000	330,000-350,000
ARMORED VEHICLES	850-900	2,500-2,700
ARTILLERY	500+	1,000+

\* Committed combat troops

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~~(S/NOFORN)~~ The Iraqi Air Force's performance throughout much of the second year of fighting continued to be unimpressive. This is attributed primarily to its extremely conservative use. The average sortie rate is estimated at only 40 to 50 per day of which over half are dedicated to defensive fighter patrols. This is extremely low, considering the Air Force has an estimated 250 operationally ready aircraft and no apparent aircraft replacement problem. The remaining missions are almost equally divided between close-air support, interdiction, and reconnaissance. These are punctuated by occasional strategic strikes flown against Kharg Island, petrochemical facilities, and shipping channels. Except for attacks on Kharg Island during July and August, strategic bombing missions have been relatively ineffective. However, Exocet missile attacks from Super Frelon helicopters and the threat of helicopter mining have lead to the rerouting of more than half the merchant shipping bound for Bandar-e-Khomeini.

DAMAGE TO MERCHANT SHIPPING BY IRAQI AIR ATTACKS  
(SINCE MAY 81)

	<u>RUN AGROUND</u>	<u>DAMAGED</u>	<u>SUNK</u>
EXOCET	3	2	3
MINES		2	
BOMBS		2	
UNKNOWN		2	

~~(S//WNINTEL/NOFORN)~~ There are several possible reasons for the Iraqi Air Force's (IAF) performance and its failure to take advantage of its 3 to 1 superiority over Iran's Air Force. First, the IAF displays most of the developmental problems encountered by a fledgling Third World air force; such as poor leadership, a semipoliticized officer corps, lack of skilled technicians, and serious command and control problems. Recognizing these shortcomings, the Air Force could have been employed sparingly to conserve assets for later developments. Another reason could be that while losing the ground war, Saddam calculated that only through limited use of air assets could he insure an adequate strategic reserve and reduce the risks of escalating the fighting to the strategic level. A final consideration is that the IAF is subordinate to the Army Chief of Staff, and it is rumored that a professional rivalry exists between these services at the highest level. If true, then the Army could be deliberately limiting the Air Force's role for fear of being upstaged. Whatever the reason, the recent strikes on Kharg Island and the shipping lanes indicate the Air Force is slowly becoming an instrument of policy. The strikes appear not designed to destroy Iran's oil infrastructure, but rather to exert gradual and mounting pressure on Iran to bring an end to the fighting. However, little change is expected in the Air Force's role in the coming year. It will continue to fly tactical missions and occasionally strike strategic targets. Operational improvements gained through its combat experience will increase its effectiveness somewhat, but major improvements are not expected for 3 to 5 years from the war's end.

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AIR ASSETS

IRAN

<u>Aircraft</u>	<u>Available</u>	<u>OR*</u>
F-4	95-100	30-35
F-5	91-96	35-40
F-14	<u>72</u>	<u>8-10</u>
TOTAL	258-268	73-85

\*Operationally Ready (OR) - Capable of performing air-air and/or air-ground combat missions

IRAQ

<u>Aircraft</u>	<u>Available</u>	<u>OR</u>
TU-16/BADGER	5	3-4
TU-22/BLINDER	9	7
MIg-23/FLOGGER	52	38-39
SU-7/20/22 FITTER	103-108	70-76
MIg-21/FISHBED	170-175	120-125
MIg-25/FOXBAT	18	13-15
Mirage F-1	21	17-18
HAWKER HUNTER	<u>12</u>	<u>6</u>
TOTAL	390-400	274-290

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~~(S//WNINTEL/NOFORN)~~ Since the outbreak of the war, and particularly in the last year, Iraq has practically abandoned its Navy in favor of the other services. Most naval auxiliaries and maintenance facilities remain restrained in Basrah. Only the OSA II Class missile attack boats (PTGs) -- equipped with Styx surface-to-surface missile (SSM) -- are home-ported in Um Qasr and therefore are free to move. However, with Iraq's major ports closed, its offshore oil terminals destroyed, and the perceived threat of the Iranian Navy and Air Force, the Iraqi Navy's role is limited to infrequent patrols by OSAs close in to their 40-km coastline. Given the Navy's limited role, it is not expected to begin rebuilding until after the war is over. However, the Iraqis have established a coastal missile site at Al Faw. Although not fully complete, the facility will quite likely employ the CSSC-2/SILKWORM surface-to-surface cruise missile acquired from China by way of Egypt or Jordan. Within range of this missile are the shipping waters of Iran's Khowr-e-Musa Channel.

#### NAVAL ASSETS

##### IRAN

3 Destroyers  
4 Guided Missile Frigates  
11 Guided Missile Patrol Boats  
3 Patrol Combatants  
25 Patrol Craft

##### IRAQ

11 Guided Missile Patrol Boats  
17 Patrol Craft

##### MILITARY IRAN:

~~(S)~~ While demonstrating a capability to defend its homeland, the Iranian Army basically is a defensive organization. As the object of intense suspicions and purges throughout the revolution, the Army has insured some permanence by demonstrating it is the only institution capable of organizing the country's resources into an effective national defense. However, despite that fact and its battlefield victories, the Army will never be fully exonerated under the current regime: political controls have been tightened over the military. Many of the victories on Iranian territory last year, although impressive, were largely attributable to the feeble fighting nature of the Iraqis. Furthermore, the recent series of defeats clearly demonstrated the definite limits to the Army's offensive fighting capability. In light of the difficulty Iran had penetrating Iraq's defenses, there now appears to be a more realistic balance between the ground forces. Iran's ground force is, and will remain for some time, a defensive organization with little ability to project power beyond its borders.

~~(S)~~ The paramilitary forces continue to be the most visible, vaunted, and enigmatic military organization in Iran. The Revolutionary Guard, the nucleus around which other more loosely structured organizations operate, has a battle-hardened core of 60,000 to 80,000 well-trained cadre. Various people's militia organizations, primarily the Basej, provide scores of lightly equipped, briefly trained, and expendable infantry. The total paramilitary force most likely exceeds that of the Army. Under the direction of the Army, paramilitary forces proved the decisive factor in Iran's victories. Organizationally, the Revolutionary

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Guards' battlefield forces have evolved from small, lightly equipped, loosely organized groups to major maneuver elements bearing brigade designations. The recent creation of a separate Revolutionary Guard Ministry indicates that further refinements are planned. It does appear, however, that recruitment, at least for battlefield service, is decreasing as fewer Iranians are willing to join units receiving the majority of casualties.

~~(S)~~ The second year of the war has been the hardest on the Iranian Air Force. After having flown more than 15,000 sorties over the course of 2 years without any major source of outside assistance, the Air Force can no longer effectively deter Iraqi air attacks. Its combat utility now rests in the psychological threat it poses to the Gulf states and, to a lesser extent, to Iraq. The Air Force is still able to launch offensive strikes throughout the region, but these could not be sustained for long and would be less effective against defended targets. Since mid-July, Iran has lost nearly 10 percent of its operationally ready combat aircraft. Against well-defended targets in Iraq, Iranian airstrikes have been reduced from four aircraft to two, suggesting that fewer aircraft and pilots can be spared or sacrificed. Although Iran is capable of boosting sortie rates to about 90 per day, or more than twice the daily average, it could only maintain this rate for about 1 week. The overall situation for the Air Force is not expected to change dramatically over the next year unless Iran breaks from its conservative strategy and attempts to challenge Iraq. Continued conservation, a slow rebuild program, and the trickle of spare parts will probably allow the Air Force to maintain operations at or near current levels.

~~(S)~~ As long as Iran has sufficient aircraft to strike throughout the Gulf, it will be considered a threat; however, the Air Force's decline has policy implications. Iran could not confidently retaliate against Iraqi attacks on Kharg Island and the shipping channels or reestablish the kind of deterrence it had in the first year of the war. Tehran's response appears to center on diplomatic saber rattling in hopes of pressuring Gulf states to act on Iran's behalf. Escalation of rhetoric in this regard will probably increase as Iran's military capabilities continue to ebb.

~~(S//WNINTEL/NOFORN)~~ Despite the length of the war, the Iranian Navy has not engaged in combat since the fall of 1980. This is partly because Iraqi vessels patrol near-shore coastal waters and the Iranian Navy would be vulnerable to airstrikes, especially in the northern Gulf area. Also, the range and duration of Iranian naval patrols have been drastically limited by continuing maintenance problems that have affected both engineering and primary weapons systems. During the last year, the Navy conducted exercises in the northern Gulf, provided protective escort to merchant ships bound for Iranian ports, and conducted small amphibious operations on nearby offshore islands. However, despite its naval supremacy, Iran has not been able to protect either Kharg Island or Iranian-bound merchant shipping from Iraqi airstrikes. The Navy's only means to retaliate is by interfering with Gulf merchant shipping through interdiction or mining. Although most SSM systems are either barely operable or without adequate missiles, the Navy could selectively blockade Iraq by halting unarmed merchant ships. The Navy is not known to have acquired any mines since a small delivery last year and has not been noted conducting mine warfare exercises, a capability it is still attempting to develop.

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### ECONOMY

(C) The Iraqi economy remains strong; however, events over the past year make it unlikely to continue if the war persists. Iraq started the war with about \$30 billion in foreign exchange reserves. Since then, Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates have provided \$21 billion. But the drop in oil exports -- 3 million barrels per day (b/d) at the start of the war to less than 700,000 b/d presently -- and no reduction in imports will eventually affect Baghdad's ability to insulate the domestic economy from the war. Furthermore, Arab Gulf states considerably decreased their financial assistance after the first year. As a result, Baghdad's foreign exchange reserves has been reduced to \$14 billion, and it faces an \$11 billion financial gap in its international payments this year. Financial resources are sufficient to pay for military imports, but if the war continues to drag on, the effects will become more severe as foreign financial assistance is reduced and import bills mount.

(C) In contrast, Iran's international financial situation is slowly recovering from the chronic cash shortages that periodically plagued the country during the first year of the war. This recovery is chiefly the result of sufficient increases in oil exports and revenues to cover import bills and enough reserves to finance the war. Nevertheless, the overall economy remains depressed: industrial activity has declined substantially, the annual inflation rate exceeds 70 percent, and unemployment is at 40 percent. Economic problems are largely the result of years of revolution and of political and social turmoil -- all of which predate the war. Despite the recent improvement in the international financial situation, Iran's future is far from secure. The greatest threats to an economic recovery are successful and repeated attacks on the oil-loading terminal at Kharg Island, which would cause oil exports to decline further. A drop in oil revenue would again create the serious financial problems Tehran faced earlier this year.

### OIL

~~(S/WNINTEL/NOFORN)~~ Since the beginning of the war, Iran has been able to raise its oil sales because the major oil production and export facilities have received insignificant amounts of damage. Such success is primarily due to its below-market oil prices and, until recently, the paucity of Iraqi attacks against the Kharg Island export terminal. The recent upsurge in airstrikes there have reduced tanker liftings from about 2 million b/d to around 1.5 million b/d. Higher risks to tankers and to their insurance rates have also contributed to a decline in oil exports. Thus far, damage to Kharg has not been serious and exports should recover once the attacks diminish. The remaining oil refineries have not sustained additional damage and are meeting military fuel requirements. However, shortages in the civilian sector are chronic and will persist until hostilities end.

(C) The war continues to have a greater impact on Iraq's oil-exporting capability. Baghdad's difficulties were further complicated by Damascus' decision in April to shut down Iraqi pipelines transiting Syria. These lines were being used to export about 300,000 b/d. The single pipeline transiting Turkey is now the sole outlet for

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exports, and it restricts quantities to less than 700,000 b/d. Iraqi refineries continue to be the main source of fuel for both civilian and military consumers. While key refineries remain undamaged, supply is being augmented by imports through Turkey, Kuwait, and Jordan. However, severe shortages would result should the Baghdad refinery be severely damaged.

#### POLITICAL: IRAQ

(S/NOFORN) Although President Saddam Hussein appeared to be vulnerable to a coup during the past year, his position now is more secure. Furthermore, his political future appears good so long as he commands the personal loyalty of the ruling clique surrounding him and maintains his large, pervasive security apparatus. There is considerable unrest in northern Iraq, and recent terrorist bombings in Bagdad have heightened concern for internal security. However, opposition groups have thus far been unable to unite in a common front and have not gained support from the populace. Although Saddam is held personally responsible for the loss of life and Iraq's political and economic decline, most Iraqis have resigned themselves to the war and recognize that any likely successor could not bring a significant change. They have clearly not been tempted by Iran's propaganda, and they well understand the turmoil of the Iranian revolution.

(S/NOFORN) The loss of the 7th Nonaligned Movement Conference was a bitter political loss for Hussein. Yet, he skillfully manipulated the event to his benefit in a manner similar to his earlier setbacks. Within the Baath party, Hussein has won strong endorsement for changes to the Revolution Command Council. The reduction of the Council from 17 to 9 members was a move by Hussein to solidify his control and to squelch elements that supported former President Hassan al Bakr. This reorganization effectively complements Saddam's earlier efforts to restructure Iraq's military command. He was also successful at the Arab Summit in Fez, Morocco, in obtaining support, despite the growing reluctance, of many of the Arab Gulf states.

#### Political: IRAN

(C) Iran's recent defeats have made it more difficult for the government to generate support for the war and have led to renewed bickering within the ruling circles. The euphoria, resulting from the spring victories, appears to have dissipated, following the futile and costly July invasion attempt. Prior to that time, more moderate elements in Tehran, to include elements within the military, argued against an invasion. However, Khomeini's will, articulated a month prior to the first attack, determined the final course. Iran's defeats apparently revived the debate, and this time more pragmatic elements evidently prevailed. As a consequence, Tehran's October and November campaigns have been limited to recapturing occupied territory rather than in mounting major-scale invasions. Such debate exacerbates fissures in the government, but as long as Khomeini presides, open divisions are unlikely.

(C) The war continues to drain Iran's human and material resources, but it has not significantly impeded the continuing Islamization of the state and the

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consolidation of clerical power. Over the last year, the government has gained the advantage over most of its internal enemies. Mujahedin activity declined and security forces continue their extensive searches, arrests, and executions of regime opponents. The insurrection in Kurdistan is far from being resolved, but appears to have been contained. Over the past year, the regime has proven itself embolden enough to move against the second tier of opposition. The Communist Tudeh Party, a tactical ally since the revolution, is now the object of government scrutiny, arrests, and reported executions. The large bloc of unspoken, but potentially troublesome, opposition headed by Ayatollah Shariat Madari has also been attacked and at least temporarily and politically neutralized.

#### Outlook

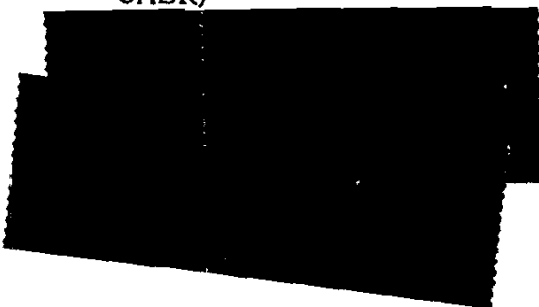
(S) Iran's defeats near Basrah forced Tehran to reassess its fighting strategy. Iraq's defenses proved too formidable and Iran's leaders have, at least temporarily, resigned themselves to defeat on the extreme southern Front. Developments now indicate that Iran will continue to launch smaller-scale attacks along the border farther north. This new strategy is designed to boost Iranian morale, clear remaining pockets of Iraqi forces from Iranian territory, and continue military and political pressure on Saddam Hussein. Iran is quite likely better prepared to continue a war of attrition than Iraq. However, while defending its own territory against a major invasion, Iraq will enjoy terrain advantages, numerical superiority, increased incentives, and greater logistical support than Iran. Iran's new strategy is the product of long debate in Tehran, and it is suspected that, if this strategy does not produce the desired results, Iran may very well shift to another tact to force Saddam's removal.

(C) Iran's recalcitrance over the last 2 years has exhausted the patience of most intermediaries. Although there are still other forums and willing arbitrators, Iran has not yet indicated a serious desire to negotiate. Should Tehran decide to do so, the settlement process is expected to be long and complicated. Beyond the fundamental problem of Iran's demand for Saddam's removal from government, other issues, such as reparations and reopening the Shatt-al Arab, promise to be particularly thorny. There is great incentive for both sides to reach some form of compromise. Iraq, without the use of its major ports and oil exporting terminals, is forced to rely on financial support from the Gulf states. This financial support may well terminate if the war is reduced to a nonthreatening level. Iran is also unable to begin an economic recovery as long as the war continues on a large scale. However, Iran is not disposed toward resolving the conflict diplomatically at this time. The deep-seated rivalry between Iran and Iraq is exacerbated by the antagonistic policies of Iran's militant leaders. Iran's policies regarding Iraq are driven by Khomeini's intense hate for Saddam. Continuing a border war with Iraq, after all Iraqi forces are removed from Iran, could serve as a means to keep the population mobilized, the Army field deployed, and pressure on Saddam in hopes of bringing his eventual demise.

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(S) In the absence of a declared cease-fire, an unlikely prospect in the short term, tension will remain along the border and with it the threat of escalation. In over 2 years of fighting, neither Iran nor Iraq has formally declared war. Both countries could conceivably refrain from declaring a peace and maintain a simmering border war indefinitely. (Classified by multiple sources; declassify on OADR)



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